

**BEMIDJI AREA SCHOOLS  
BEMIDJI, MINNESOTA**

**DATE: FEBRUARY 22, 2021**  
**TO: BOARD OF EDUCATION, BEMIDJI ISD #31**  
**FROM: KRISI L. FENNER, CPA, DIRECTOR OF BUSINESS SERVICES**  
**SUBJECT: BUDGET REVISION – FY 2020-2021**

**COMMENTS:**

A school board is required to approve a preliminary budget prior to July 1<sup>st</sup> of each year. This budget is based on assumptions and estimates and acts as a baseline for fiscal planning. After the prior fiscal year, in this case 2019-2020, is closed out and audited, we are able to take that finalized data, combine it with current year to date information, and produce a revised budget that gives us a more accurate prediction of our anticipated revenues and expenditures.

**GENERAL FUND**

Our General Fund is made up of five different funds (01, 03, 05, 10, 20) that are accounted for separately. Each of these funds have their own budget projection that, when combined, make up what is considered to be our General Fund as a whole.

**GENERAL OPERATIONS (01, 10, 20)**

Our General Fund 01 is projecting revenues of \$55,237,451 and expenditures of \$57,234,695 for a projected operating deficit of \$1,997,244. These numbers reflect the lost revenue due to the decline in enrollment attributed to COVID-19. These numbers also reflect the efforts made to reduce current year expenditures through attrition, a hiring freeze, and postponing curriculum cycle purchases.

The Special Schools Fund 10 is projected to operate at a slight surplus of \$76,801.

The Federal Programs Fund 20 typically operates at a net zero balance as most Federal programs are reimbursement based, meaning, we must first spend the award and then request the revenue reimbursement to offset those expenditures. However, in the current year we have a unique situation. The Coronavirus Response and Relief Supplemental Appropriations Act has resulted in additional federal funds, known as ESSER II funds that are to be used to offset current year revenue losses and additional expenditures due to COVID 19. The projected surplus of \$2,787,016 is the amount of ESSER II funds that I am projecting we will need to use to offset the deficits in other funds in the current year. This amount is the sum of the funds 01, 02, and 03 projected deficits for the current fiscal year.

**TRANSPORTATION FUND (03)**

The Bemidji School District covers 824 square miles and is one of the largest districts geographically in the state. State funding for transportation is generated on a per pupil basis. This creates a disparity between the amount of revenue generated and the actual cost to transport students over such a large district and results in our Transportation fund continually operating in a deficit. The current year projection of \$4,278,747 in revenue and \$4,707,880 in expenditures nets to a projected deficit of \$429,133. This reflects the postponing of any school bus purchases in the current year in an effort to decrease expenditures.

### **CAPITAL PROJECTS FUND (05)**

The Capital Projects Fund is the final fund that makes up our overall “General Fund”. Revenues in this fund are restricted by state statute to be used for capital projects and facility maintenance and cannot be used to offset General Fund (01) operational costs. Revenues are projected to be \$3,376,100 and Expenditures are projected at \$2,750,031 for a net surplus of \$626,069. This is a planned surplus as the BHS roof will need to be replaced in the near future and we are beginning to save for that project.

### **FOOD SERVICE FUND (02)**

The Food Service Fund is projecting Revenues of \$2,316,465 and Expenditures of \$2,677,194 for a projected deficit of \$360,729. The Food Service fund does not have the fund balance necessary to cover this deficit and will require a transfer from the General Fund at year end. Food Service is facing a unique challenge this year in that the majority of costs such as kitchen overhead and staffing are fairly fixed costs, while the funding is generated on a per meal served basis. Between hybrid and elected distance learning, the number of meals served is down substantially, resulting in a decrease in revenue.

### **COMMUNITY SERVICE FUND (04)**

The Community Service Fund is made up of multiple programs including Community Education, School Age Care, School Readiness, and Early Childhood Family Education. As a whole, the Community Service Fund is projecting Revenues of \$2,028,885 and Expenditures of \$2,591,242 for a projected net deficit of \$562,357. The fund has the required fund balance reserve to offset this deficit in the current year. Like other programs in the district, the Community Services programs have had a challenging year due to COVID-19. Restrictions on youth sports, adult enrichment programming, after school child care, and preschool classroom sizes have resulted in a substantial drop in revenue in the current year.

### **CONSTRUCTION FUND (06)**

We are projecting a close out of the construction fund as the Gene Dillon project is now complete. Expenditures of \$241,890 will zero out the fund.

### **DEBT SERVICE (07) AND OPEB**

Our remaining funds of Debt Service and OPEB are levied revenues that pay bonded debt. The difference between revenues and expenditures are due to the State’s requirement that we levy 105% of our debt payments and then pay back any over levied funds through future levy adjustments.

### **SUMARRY**

This budget projection, while more accurate than the preliminary budget, is still an estimate. The unknowns that result from a global pandemic has made accurate projections difficult, if not impossible. We will continue to monitor and update these projections as necessary.

### **ACTION:**

The motion was offered by \_\_\_\_\_, seconded by \_\_\_\_\_ and the vote was \_\_\_\_\_ to approve the FY 2020-2021 budget revision as presented.